

EXHIBIT C

1 UNITED STATES DISTRICT COURT
2 DISTRICT OF MASSACHUSETTS

3
4 UNITED STATES OF AMERICA, et al.

5 Plaintiffs,

Civil Action No.
1:21-cv-11558-LTS

6 v.

7 AMERICAN AIRLINES GROUP, INC.,
8 et al.,

9 Defendants.

10
11
12 BEFORE THE HONORABLE LEO T. SOROKIN, DISTRICT JUDGE

13 BENCH TRIAL
14 Day 1

15
16 Tuesday, September 27, 2022
17 9:00 a.m.

18
19
20 John J. Moakley United States Courthouse
21 Courtroom 13
22 One Courthouse Way
23 Boston, Massachusetts

24 Rachel M. Lopez, CRR
25 Official Court Reporter
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1 MR. JONES: Your Honor, may I proceed from the
2 podium?

3 THE COURT: Sure. Of course.

4 MR. JONES: Good morning, again, Your Honor, and
5 I'll say good morning again to Mr. Wall, to Mr. Schwed, and
6 to your teams.

7 Your Honor, the Northeast Alliance extinguishes
8 head-to-head competition between American and JetBlue at four
9 airports in the northeast, at Logan, at LaGuardia, at JFK,
10 and at Newark, competition that has been ongoing for around
11 20 years. Competition that has benefitted travelers and the
12 end of which will cost travelers in this country hundreds of
13 millions of dollars.

14 For its part JetBlue has opted from going with that
15 head-to-head competition with American to entangling itself
16 with American. Your Honor, it's abandoning its historic
17 disruptive role in the airline industry. A role that, by
18 JetBlue's own calculations, has saved travelers in this
19 country \$10 million since its founding. JetBlue's
20 calculations, Your Honor, \$3 billion in savings to Boston
21 area travelers alone.

22 Now, JetBlue and American are collaborators instead
23 of competitors at those four airports in the Northeast, and
24 JetBlue won't be that disruptive competitive check that it
25 had been.

1 And it didn't have to be this way, Your Honor.
2 They could have continued to fight, and they could have
3 continued that head-to-head competition that had been
4 ongoing, and their business documents will show that they
5 were planning on continuing that competition.

6 For example, one of American's most senior
7 executives told other employees at American that they should
8 gird their loins and that they should be prepared to swing
9 the bat in Boston, that it was time to swing the bat in
10 Boston. So they were prepared to continue fighting, but
11 instead they adopted this collaboration.

12 The collaboration, Your Honor, the Northeast
13 Alliance, the NEA, is unprecedented between domestic airlines
14 in this country, never been done before. But, really, it
15 just disguises what is a de facto merger at those four
16 airports.

17 Now, defendants may suggest that the NEA, because
18 it's technically not a merger, couldn't possibly eliminate
19 competition, but that's putting form over substance. And I
20 suspect the defendants will -- will get up here at some point
21 and say they figured out how to preserve competition by
22 constructing some complicated revenue-sharing formula that
23 tries to create incentives for each of them to continue
24 growing.

25 But, you know, Your Honor, they can say that, but

1 already recognized.

2 The evidence, Your Honor, on this point will
3 include late-night text messages between executives of
4 American that show that these executives recognized that
5 their purported benefits weren't real when they concluded
6 that, if you look at the NEA across their whole networks,
7 that the results were, quote, no bueno, end quote. Their
8 words, Your Honor. Not mine. And that if they were the DOJ,
9 they could, quote, "easily kill any deal."

10 With all of that said, let me start at the heart of
11 the story here, that head-to-head competition between
12 American and JetBlue here in Boston and in New York. For
13 starters, there's no dispute that JetBlue has been a unique
14 competitive force in the airline industry. JetBlue has
15 called itself a fundamentally different kind of airline, and
16 it's distinguished itself from legacy carriers like American.
17 As you'll see during the trial, also, Your Honor, JetBlue's
18 CEO highlighted JetBlue's critical role -- critical role --
19 in keeping the immense power of the legacy airlines in
20 check -- legacies, again, like American.

21 And this is -- this isn't just talk in regulatory
22 filings and in speeches either, Your Honor. We have the
23 receipts, or I should say JetBlue has the receipts. Taking
24 Boston Logan, for example, when JetBlue started serving
25 Cleveland from Logan, average fares dropped 53 percent in the

1 first year from what they were before JetBlue started serving
2 that market. Fares dropped by double-digits percentages in
3 other markets JetBlue entered as well.

4 And after a while, you take a double-digit drop
5 here and a double-digit drop there, and it starts to add up
6 to some real money, some real savings -- \$3 billion, again,
7 for Boston area travelers, according to JetBlue's
8 calculations.

9 It's also not just the fares dropping when JetBlue
10 enters a market. They shoot up when JetBlue exits a market
11 as well. When JetBlue exited the route from JFK to
12 Pittsburgh, fares shot up 75 percent. When JetBlue exited
13 the market JFK to Richmond, fares shot up 65 percent.

14 The result of these efforts, Your Honor, is the
15 back bone here of the competition between American and
16 JetBlue before they formed the NEA, the competition that
17 benefited travelers. And first and foremost, Your Honor, it
18 benefited travelers to and from Boston and popular locations
19 like Los Angeles, Miami, Washington National, LaGuardia, and
20 JFK.

21 And the eleven markets where both American and
22 JetBlue operated, competing nonstop service before they
23 entered the NEA, the combined market shares of these two
24 defendants ranged from nearly 49 percent to 96 percent --
25 meaning that in these markets, many travelers were choosing